

University, another former Mises student, although he has not undertaken a comprehensive book of "principles," has explored individual problems in five separate volumes: *The Economic Point of View* (1960), *Market Theory and the Price System* (1963), *An Essay on Capital* (1966), *Competition and Entrepreneurship* (1973), and *Perception, Opportunity, and Profit* (1979). His work is distinguished by great scholarship, systematic thoroughness, and precision of statement. He has brought further illumination to every problem he has dealt with.

Finally, no reference to individual writers would be adequate that did not include Professor Ludwig M. Lachmann (b. 1906). Though he is one of the most original and profound among living Austrian economists, his work has not yet nearly achieved the recognition it merits. Among his principal books are *Capital and Its Structure* (1956; republished in 1978), *The Legacy of Max Weber* (1971) and *Capital, Expectations, and the Market Process* (1977). His writings are notable for their emphasis on the role of expectations and for their thoroughgoing application of a "radical subjectivism."

Restrictions of space permit me merely to list the names of half a dozen of the now increasing group of important "Austrian" economists: S. C. Littlechild, Gerald P. O'Driscoll, Jr., Mario J. Rizzo, Hans Sennholz,

Sudha R. Shenoy, and Lawrence H. White. But so arbitrarily short a list must omit a number of names unjustly.

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The "Austrian" economists, more consistently than those of any other school, have criticized nearly all forms of government intervention in the market—especially inflation, price controls, and schemes for redistribution of wealth or incomes—because they recognize that these always lead to erosions of incentives, to distortions of production, to shortages, to demoralization, and to similar consequences deplored even by the originators of the schemes. But personal value judgments of government policy are of course not an essential part of Austrian theory.

The present vigorous Austrian School is not content merely to keep re-expounding the principles developed by Menger and Mises, but is addressing itself constantly to new problems, or a more thorough probing of old ones. This is dramatically evident in a recent volume, *New Directions in Austrian Economics* (1978), edited by Louis M. Spadaro, with contributions from eleven wri-

ters. Professor Spadaro himself, in his concluding essay, outlines some of the still unresolved problems that Austrians ought to explore. In some sense, however, practically all eleven contributions do the same thing.

I have heard it said (by an economist of another school) that there is no such thing as Austrian economics; there is only good economics or bad. But in the same way we could say that there is no such thing as Ricardian economics, Marxist economics, Keynesian economics, and so on. This sort of statement, though true in one sense, is false in another. It is fallacious in implying that if anything is classified in accordance with one characteristic, it cannot be classified in accordance with any other. It is like saying that there are no such persons as Americans or Japanese; there are only men and women. Those who call themselves "Austrian" economists give themselves this label because of its historic origins; but they happen also to believe that its fundamental theses are true, and offer more promise than any other for further progress in economic science.

Perhaps something should be said about the chief differences today between Austrian economics and what we may call "orthodox" or "mainstream" economics. The difficulty here is that "mainstream" economics itself would be hard to define. Economists are still divided into a

number of recognizable "schools"—neoclassicists, Keynesians, the Chicago school, the Lausanne school, and so on. The limits of space forbid me to go into the distinguishing doctrines of each of these schools. But one outstanding difference of the Austrians from all of these lies in their method of reasoning. The Austrians emphasize methodological *individualism*. That is, they not only begin by emphasizing human actions, preferences, and decisions, but *individual* actions, preferences, and initiatives. Mainstream economists are concerned with "macroeconomics," with averages and aggregates; and those of the Lausanne school, trying to reduce economics to an "exact" science, and therefore seeking to quantify everything, are obsessed with complicated mathematical equations that try to stipulate the conditions of "general equilibrium."

Equilibrium a Useful Concept, Though Never a Reality

Now "general equilibrium" is defined by these economists (when it ever is) in highly abstract and obscure phrases; but for laymen it might be defined as a condition in which all the tens of thousands or millions of commodities and services are being turned out in the exact quantities and proportions in which they are relatively wanted by producers or consumers, so that there